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Legislative Counsel

4 October 1955

Comptroller

Proposed Changes in Legislation

1. It is requested that appropriate steps be taken to obtain the following amendments to Public Law 110, 81st Congress, as amended by Public Law 697, 81st Congress and Public Law 53, 82nd Congress, when it is determined appropriate to request additional legislation specifically identified as CIA legislation.

2. The last sentence of Section 6 (a) should be amended by adding the words "will be available to the Agency until expended" after the word "paragraph", and inserting the word "other" between the words "to limitations". Thus, the last sentence would read as follows: "Sums transferred to the Agency in accordance with this paragraph will be available to the Agency until expended and may be expended for the purpose and under the authority of this Act without regard to other limitations of appropriations from which transferred. (Amendments underscored.)

3. This change is recommended as being beneficial to the Agency and the U.S. Government for a number of reasons.

a. When CIA was established, an informal agreement with the Appropriation Committees, the Bureau of the Budget, and the General Accounting Office was made in which it was agreed that all funds made available to the Agency would be treated as annual appropriations. This policy was followed until the appropriations were made for the Fiscal Year 1955, at which time the policy was brought up for discussion and it was decided that funds which had been originally appropriated on a "No Year" basis could be carried over for use during the following fiscal year with specific annual approval of the Appropriation Committees. Thus, the control originally established under the above informal agreement is being maintained. This was done in connection with the funds appropriated for the Fiscal Years 1953 and 1954. In order to assure availability of appropriations on this basis, all funds appropriated to the Agency for Fiscal Year 1956 were included in "No Year" appropriation items. There are but few "No Year" accounts available in the Government of sufficient magnitude

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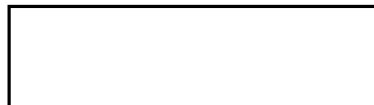
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c. For operational reasons it is essential that a Reserve for Contingencies be available to the Agency to be used only with the concurrence of the Bureau of the Budget. Funds available on a "No Year" basis provides for such reserves and, at the same time, minimizes appropriations to those actually needed for the operation of the Agency after the initial establishment of the reserve.

d. Prior to the present procedures in which funds appropriated in a "No Year" account could be carried over for use during the following fiscal year with the appropriate approvals, the lapsing of unexpended balances of the fiscal year appropriations into the U.S. Treasury presented certain security problems in that it was difficult to cloak such transactions as usual Governmental activities. These problems are avoided by carrying unobligated funds forward from year to year.

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e. In addition, covert contractual commitments of the Agency, principally those involving research and development contracts which are not completed and/or settled within the statutory three years could, under the above legislation, be completely settled from Agency funds as contrasted with the present requirements of forwarding claims under such contracts that extend beyond three years to the General Accounting Office for settlement from the Certified Claims Account of the U.S. Treasury. The present procedure presents certain security problems which would be resolved by the proposed legislation.



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